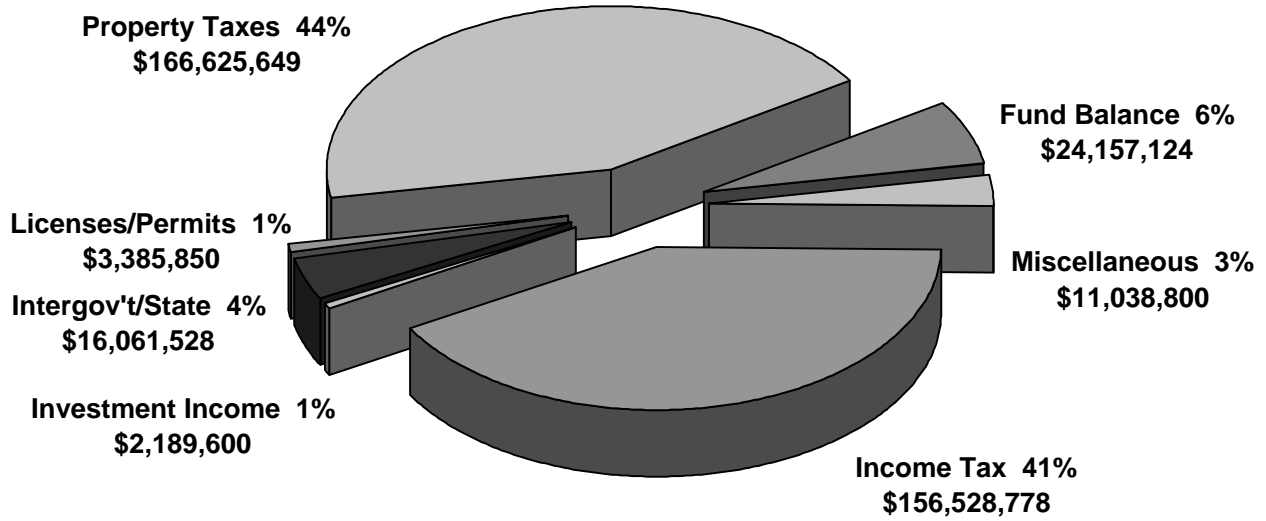


GENERAL FUND REVENUES

Fiscal Year 2005 - 2006

TOTAL APPROVED BUDGET \$379,987,329



FY 2006 APPROVED GENERAL FUND REVENUE BREAKDOWN

PROPERTY TAXES			44%	166,625,649	INCOME TAX:	41%	156,528,778
Real & Personal	172,460,377						
Deductions	(5,834,728)						
FUND BALANCE:			6%	24,157,124	INTERGOV'T/STATE:	4%	16,061,528
					Intergovernmental	2,594,767	
					Intra County	1,648,843	
					Pro Rata	3,878,472	
					Recordation	7,939,446	
MISCELLANEOUS:			3%	11,038,800	LICENSES/PERMITS:	1%	3,385,850
Other Taxes	6,220,000						
Service Charges	4,319,550						
Fines & Forfeitures	84,500						
Miscellaneous Revenues	414,750				INVESTMENT INCOME:	1%	2,189,600

TOTAL GENERAL FUND REVENUES

379,987,329

HARFORD COUNTY, MARYLAND
FISCAL YEAR 2006 BUDGET SUMMARY

GENERAL FUND

FY 05 APPROVED BUDGET	\$323,213,155	FY 06 APPROVED BUDGET	\$379,987,329	CHANGE	\$56,774,174
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The General Fund accounts for the largest portion of the total financial operations of Harford County Government. General Fund appropriations are used primarily to finance the administrative activities of County Government and to provide programs and services to our citizens. The major portion of the County's funding for the Board of Education are General Fund dollars. County support for Harford Community College, the Health Department, and the Libraries also come from the General Fund. Other funding sources are comprised of revenues earmarked for specific expenses. It is solely General Fund revenues that are used for basic operations and government services.

REVENUES The majority (85%) of our projected General Fund Revenues come from Property Taxes and Income Taxes.

<u>PROPERTY TAXES</u>	FY 06 Approved	\$166,625,649	43.85%	of the General Fund
	FY 05 Approved	\$153,232,128	47.41%	of the General Fund
	\$ growth	\$13,393,521		
	% growth	8.74%		

Maryland State law provides that all real property is subject to a property tax; properties are assessed by the State on a triennial system, and owners are notified by the Maryland Department of Assessments and Taxation of any change in their assessment. These assessments are certified to local subdivisions where they are converted into property tax bills by applying the appropriate property tax rate.

Low mortgage rates have led to an increased demand for houses, outpacing supply. This in turn has resulted in rising real estate values and reassessments. Utilities have begun to adjust to a restructured competitive environment, and new spending for capital improvements is being made at modest levels. With these factors leading to significantly increased projected revenues, County Executive Harkins proposed a decrease of \$0.02 in the property tax rate from \$0.936 to \$0.916 for real property and a decrease in the personal property rate from \$2.34 to \$2.29. The personal property tax rate is required by State law to be 2.5 times the real property tax rate. This decrease in the tax rates would be the first change to the rates since FY 1984, and would have resulted in \$3,668,628 less projected revenue for FY 06.

The County Council, however, approved only a \$0.01 reduction, with a compromise that the \$1,834,314 in property tax revenues, not included in the County Executive's Proposed Budget be dedicated for FY 2006 to provide Paygo funding for the modernization of Bel Air High School, moving the start of the project up one year.

<u>INCOME TAXES</u>	FY 06 Approved	\$156,528,778	41.19%	of the General Fund
	FY 05 Approved	\$131,919,125	40.81%	of the General Fund
	\$ growth	\$24,609,653		
	% growth	18.66%		

Each Maryland jurisdiction is required to set a local Income Tax rate to be applied to net taxable personal incomes on an annual basis. Harford County's rate is 3.06% established in calendar year 2001. Maryland collects all Income Taxes and distributes to each local subdivision its share of the annual revenues. Although Income Taxes are imposed and collected on a calendar year basis, the State distributes the funds to the counties over a 21 month period, which is over three fiscal years. For example, taxes on a salary earned from January 1, 2004 until December 31, 2004, were due to be paid to the State on April 15, 2005. Harford County will receive our share in ten distributions starting in May, 2005 through a final distribution in January, 2007.

Current year receipts are showing a strong growth, up over last year at this time by 15.6%. This increase is in part due to changes the Comptroller of Maryland has made to the distribution formula, that accelerates our receipt of revenues collected on our behalf. The County is also experiencing excellent job growth locally and the regional employment picture has improved.

<u>OTHER REVENUES</u>	FY 06 Approved	\$56,832,902	14.96%	of the General Fund
	FY 05 Approved	\$38,061,902	11.78%	of the General Fund
	\$ growth	\$18,771,000		
	% growth	49.32%		

The elements mainly responsible for the growth in "Other" revenues are

	<u>FY 05</u>	<u>CHANGE</u>	<u>FY 06</u>
	<u>FUNDING</u>		<u>FUNDING</u>
<u>General Fund Support of Solid Waste Management Services</u>	(\$3,376,250)	(\$754,261)	(\$4,130,511)
Most solid waste management activities are mandated by Federal and State regulations, avenues for imposing fees are limited by law and the market place, resulting in the need for support with General Funds			
<u>Recovery from Highways Transportation</u>	\$3,698,909	\$426,134	\$4,125,043
Though Highways Funds are limited to certain types of expenses, the Traffic Safety Unit of the Sheriff's Office and County transportation expenses meet the qualifications. For FY 06 Highways Funds will support			
Board of Education Transportation operating expenses	FY 05 \$2,000,000		FY 06 \$2,000,000
Board of Education buses and maintenance vehicles	\$1,044,000		\$1,403,150
Sheriff's Traffic Safety activities	\$654,909		\$721,893
<u>Impact Fee</u>	\$0	\$4,000,000	\$4,000,000
Having received authorization from the Maryland General Assembly, the Harford County Council is currently considering the initiation of an Impact Fee for School Construction Financing. In anticipation of Council approval, with a July 1, 2005 effective date, we have projected \$4 million in fee revenues to partially fund the new Patterson Mill High School / Middle School.			
<u>Fund Balance Appropriated</u>	\$10,085,313	\$14,071,811	\$24,157,124
Any excess unappropriated fund balance realized at the end of a fiscal year, above the 5% Reserve Designated for Credit Rating Purposes maintained by County policy, is appropriated into the next fiscal year's budget, and treated as one-time funding for that fiscal year			
<u>Recordation Tax</u>	\$6,665,787	\$1,273,659	\$7,939,446
With the lower interest rates on mortgages that have been available over the last few years, both sales of homes and refinancing have increased in volume and value. This has led to a large increase in Recordation Tax Revenues, which for FY 06 will be used to pay School Debt Service and to provide Paygo funding for some Board of Education capital projects.			
<u>All "Other" Revenues combined</u>	\$20,988,143	(\$246,343)	\$20,741,800
These include: Licenses and Permit sales, State Shared Revenues, Interest Income, etc			

EXPENDITURES

While developing our FY 06 Operating Budget, in light of revenue projections which are far more optimistic than the previous few years, we took particular care in determining the allocation of available resources to be sure that citizens' concerns were addressed, that permanent funding commitments were sustainable, and that the promise of this administration to make Education and Public Safety our priorities was kept.

**FOR OUR EMPLOYEES** the operating budget includes:

- o a wage package, consisting of a Merit Step and a 3% COLA for all eligible staff
- o County funding to cover an anticipated 8% increase in health benefits costs, with none of the additional expense being passed on to our employee:
- o help for County retirees coping with the inflated costs of health care; funding is appropriated for FY 06 to provide an additional \$75 per month per employee and spouse in the current benefit supplement plan, and to offer the plan to all eligible County retirees and spouses not previously included
- o a one-time retirement incentive where an employee's health benefits will be paid in full by the County for a specified period of time to be determined

GENERAL FUND DEPARTMENTAL HIGHLIGHTS

	FY 05 FUNDING	FY 06 FUNDING	CHANGE %	\$
THE BOARD OF EDUCATION	\$154,047,408	\$175,414,800	13.9%	\$21,367,392

County Executive Harkins is the first Harford County Executive to

FULLY FUND THE BOARD OF EDUCATION'S OPERATING BUDGET REQUESTo **MAINTENANCE OF EFFORT**

County funding exceeds the State's Maintenance of Effort Level of \$1,350,703 by \$20,016,689 which is **1,482% over** the required level

When combined with revenues anticipated from all other sources, County funds will support the Board's Budget in each of the following areas:

o **WAGES & BENEFITS****\$22,139,667**

This increase will provide our teachers with a Step, a 3% COLA, and a 4% market rate adjustment to bring their salaries more in line with those in comparable school systems.

The Board anticipated increases in health premiums of 11.5% to 18% and 8.9% in dental premiums.

o **NEW POSITIONS**

	School Based	Support Staff	Total
Cost of Doing Business	71.8	16.5	88.3
Intervention Programs	21.0	0.0	21.0
Priority List	107.0	11.0	118.0
	<u>199.8</u>	<u>27.5</u>	<u>227.3</u>

o **COST OF DOING BUSINESS****\$11,525,748**

This increase would add funds directly related to the proportional increase in enrollment. This would primarily encompass per pupil allocations for materials and supplies; address price increases for on-going services and supplies, such as utilities and summer programs; and, fund needs associated with mandated services and infrastructure support (Nonpublic Placement, HVAC, building security, etc.)

o **INTERVENTION PROGRAMS****\$1,414,319**

Funding would provide intervention programs to schools in need of improvement in meeting the federal requirements of No Child Left Behind. An Alternative Education Center is also included here to offer services to disruptive students in lieu of suspensions.

o **PRIORITY LIST****\$7,141,061**


Additional teaching staff will move the school system closer to Board standards on class size. Special Education Teachers and staff will reduce caseloads and address the intensive needs of students educated in their home schools. Support area enhancements will provide assistance to research and evaluation, staff development, and technology improvements to support the school system as a whole. Improvements to Human Resources and the Information Technology areas include staffing and software

HARFORD COMMUNITY COLLEGE	\$12,278,743	\$13,778,743	12.2%	\$1,500,000
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- o for a Wage Package in parity with the County \$986,175
- o to increase Adjunct wages for credit and lab courses \$262,360
- o to cover an anticipated 15% increase in health benefit costs \$212,058
- o to add annual vision and air ambulance benefits \$9,750
- o toward higher utility and fuel costs \$29,657

LIBRARIES**\$11,646,499****\$13,105,781****12.5%****\$1,459,282**

- o for a Wage Package in parity with the County \$506,400
- o cover an anticipated 8% increase in health benefit costs \$91,248
- o assist with an anticipated 10% increase to utilities and fuel \$40,117
- o fund eight months of operating expenses for the new Jarrettsville Library \$423,542
- o allow for the Abingdon Branch to open on Sundays \$19,500
- o staff a new Senior Services Vehicle \$42,144
- o go to additional Materials \$269,000
- o cover required "No Child Left Behind" material \$67,000
- o General and Auto Liability and Property Damage Insurance adjusted per an actuarial analysis \$331

	FY 05 FUNDING	FY 06 FUNDING	CHANGE %	\$
SHERIFF'S OFFICE	\$40,282,858	\$44,654,761	10.9%	\$4,371,903
<ul style="list-style-type: none"> o twenty Sheriff Deputy Recruits and their ancillary expenses to be phased in during FY 06 o a wage package, consisting of a Merit Step and a 3% COLA for all eligible staff o to cover an anticipated 8% increase in health care benefits o annualization of ten Deputy positions created in FY 05 o to purchase 29 replacement, 2 new vehicles, 30 police car packages and one K-9 package o \$5,124,361 to both cover the County's FY 06 annual contribution to the Sheriff's Pension System and to increase the maximum COLA to pensions for retired Deputies from 1.5% to 3% 	\$634,643 \$1,278,446 \$84,441 \$175,105 \$920,304 \$1,545,823			
EMERGENCY OPERATIONS	\$6,675,255	\$7,495,311	12.3%	\$820,056
<ul style="list-style-type: none"> o five new Public Safety Dispatchers o a new Electronic Services Technician to assist with the new 800 MHZ radio system o a wage package, consisting of a Merit Step and a 3% COLA for all eligible staff o to cover an anticipated 8% increase in health care benefits. o for the estimated increase to the maintenance contract for the new radio system o to continue publication of the Emergency Public Information Calendar (this had been covered by the Chemical Stockpile Emergency Preparedness Program Grant) 	\$220,135 \$55,072 \$203,791 \$27,386 \$293,930 \$60,000			
 VOLUNTEER FIRE COMPANIES	\$3,960,172	\$6,310,172	59.3%	\$2,350,000
<ul style="list-style-type: none"> o boost appropriations to each fire company by 2%, supplement funds to cover the rising cost of fuel, and allocate more money for support services o provide a County contribution to the new EMS Foundation, to provide a partially paid emergency medical service o reimburse the companies for ambulance expenses that are not fully compensated by insurance and/or other payments o to be used as a one-time FY 06 appropriation to create a revolving loan fund for low interest loans to replace fire and EMS equipment modeled upon the State of Maryland's program 	\$295,000 \$405,000 \$650,000 \$1,000,000			
ARC NORTHERN CHESAPEAKE	\$995,947	\$1,348,747	35.4%	\$352,800
<ul style="list-style-type: none"> o wage parity with County employees 				
HARFORD CENTER	\$382,143	\$432,143	13.1%	\$50,000
<ul style="list-style-type: none"> o wage parity with County employees o additional County support for the Center's operating expenses 	\$27,000 \$23,000			
RECYCLING	\$0	\$122,383		\$122,383
<ul style="list-style-type: none"> o three positions to staff expanded operations at the Tollgate Yard Trim Site 				
COMMUNITY GRANTS & GRANT MATCHES				
<u>County Executive Grants</u>	\$501,000	\$641,000	27.9%	\$140,000
Support for local cultural organizations, school beautification and playground projects, and for anti drug/crime/gang programs				
<u>Director of Administration Grant Matches</u>	\$113,000	\$163,000	44.2%	\$50,000
The Local Law Enforcement Block Grant, programs for a Family Drug Court and for Children in Need of Supervision for a resident drug and alcohol abuse program at the Detention Center, and miscellaneous other drug court programs				
<u>Community Services</u>	\$1,953,678	\$2,140,014	9.5%	\$186,336
These appropriations provide for grants, contributions and grant matches to numerous local organizations which enhance the well being and quality of life in Harford County				